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FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7880
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY
RUEHBJ/AMEMBASSY BEIJING 4694
RUEHBY/AMEMBASSY CANBERRA 1958
RUEHNE/AMEMBASSY NEW DELHI 1565
RUEHPB/AMEMBASSY PORT MORESBY 3654
RUEHSI/AMEMBASSY TBILISI 0025
RUEHKO/AMEMBASSY TOKYO 1481
RUEHWL/AMEMBASSY WELLINGTON 2298
RUEHPT/AMCONSUL PERTH 0562
RUEAIIA/CIA WASHDC
RHHJJPI/USPACOM HONOLULU HI
RHEHNSC/NSC WASHDC

UNCLAS SECTION 01 OF 03 JAKARTA 000218

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SENSITIVE
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DEPT FOR EAP, EAP/MTS, EAP/MLS, INR/EAP
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SUBJECT: SCENESETTER FOR FEBRUARY 17-21 CODEL PRICE VISIT

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¶1. (U) This message is Sensitive but Unclassified -- Please handle accordingly.

¶2. (SBU) SUMMARY. Embassy Jakarta welcomes you to Indonesia, one of the world's most dramatic democratic success stories. Your visit comes on the heels of former president Suharto's passing, an event which serves as a reminder of the tremendous progress Indonesia has made in the last decade. President Yudhoyono has moved aggressively to implement a reform agenda during his three years in office. In Aceh, you will start your visit where he registered the hallmark accomplishment of his tenure thus far: the Aceh Peace Agreement. The parliament, while still experiencing growing pains, has increasingly moved to assert itself in domestic affairs and foreign policy. Mission works closely with this nascent legislative body. The Indonesian military is also growing and evolving in the post-Suharto era. While there is work to be done on accountability, defense cooperation remains one of the lynchpins to our effort to build a long-term partnership here in the world's largest Muslim-majority country. END SUMMARY.

FULL SPEED AHEAD FOR DEMOCRACY

¶3. (SBU) The Indonesian political system has made dramatic strides towards greater democracy and human rights, and the space for democratic politics that first opened almost ten years ago continues to expand. There is a vigorous civil society and a robust, independent press. Strong political will supports the improvement of Indonesia's human rights protections. The day after Suharto was buried--a symbolic end of a repressive era--the National Commission on Human Rights announced it would continue to investigate Suharto for alleged past atrocities. In January, the Supreme Court sentenced the murderer of human rights martyr Munir to 20 years and police investigations into the case continue.

¶4. (SBU) The 2009 presidential elections will mark the fourth peaceful transition of power since the birth of Indonesian

democracy in 1999. Meanwhile, as decentralization continues to take root, Indonesia has successfully contested over 350 local elections in five years. Many of these elections have taken place without incident in the former conflict areas of Ambon, Central Sulawesi, Papua and Aceh.

USG HELPING ACEH

15. (SBU) On August 15, 2005, the Aceh Peace agreement was signed, bringing to a close 29 years of violent conflict. Though the destruction and devastation of the December 2004 tsunami ultimately helped lay the groundwork for the

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agreement, post tsunami recovery has sometimes overshadowed the need for post conflict recovery. In 2006, Aceh province held its first direct election for Governor and the Acehnese resoundingly elected former commander of the rebel Free Aceh Movement (GAM) Irwandi Yusuf.

16. (SBU) The United States responded quickly to the 2004 tsunami disaster. In addition to the assistance the U.S.

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military provided immediately in the tsunami's wake, Congress authorized \$400 million in humanitarian and long-term reconstruction. American citizens also made a tremendous impact, donating an estimated \$1.8 billion to tsunami reconstruction efforts throughout the region. USAID has become one of the premier donors in Aceh, with a program that supports reconstruction of the 96-mile West Coast Highway, construction of 900 new homes, the rehabilitation of 1600 hectares of coastal forest, and support to a farming cooperative with over 5000 members. USAID has played a leadership role in supporting the Aceh peace process, the reintegration of former combatants, and the 2006 elections.

PRESIDENT YUDHOYONO: A COMMITTED REFORMER

17. (SBU) President Yudhoyono (SBY) truly understands and

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believes in a democratic future for his country. SBY has placed reformers in key economic ministries, the military and the police, and has prosecuted major government and corporate thieves. In October 2005, he cut long-standing fuel subsidies despite the expected political blowback, thereby restoring fiscal discipline in the public sector and freeing up resources for education and social welfare programs. Yudhoyono signed a landmark law to fight human trafficking in April 2007 and has pushed an aggressive investigation into the murder of human rights activist Munir. The murderer was sentenced to 20 years in prison and police are investigating possible conspiracies. Internationally, he consistently espouses a policy of moderation and cooperation that rejects terrorism and nuclear proliferation and calls on countries to help resolve problems through collaboration and communication. He has sent peacekeepers to Lebanon, hosted a Sunni-Shi'a dialogue to promote reconciliation in Iraq and has been at the forefront of efforts to improve relations between the Islamic world and the West.

18. (SBU) While President Yudhoyono remains committed to further reforms, he has been constrained by the need to establish consensus within his multi-party cabinet, by a recalcitrant bureaucracy and by a parliament that often prefers scoring political points to tackling complex issues such as investment climate and labor reforms. The President's focus has also been diluted by a steady stream of natural and man-made disasters, including tsunamis, earthquakes, plane crashes, the East Java mudflow, and rising commodity prices. As the 2009 election approaches, the President will become increasingly occupied with political survival, further complicating reform efforts until a possible second term.

THE DPR STEPS UP ITS GAME

¶9. (SBU) Indonesia's Parliament (the DPR) has recently started to assert itself more forcefully in its dealings with the President, a development with mixed implications for U.S. interests. In 2007, the DPR twice attempted to invoke a parliamentary procedure known as interpellation to force the President to personally explain his policies to its members. In the first instance, regarding Indonesia's support for UNSC 1747 on Iran, the demand constituted little more than grandstanding in the run-up to the 2009 presidential elections, and ultimately failed. Nonetheless, it had the effect of complicating any future efforts to enlist GOI support for UNSC Iran sanctions. In the second instance, involving a man-made mudflow disaster in East Java that displaced tens of thousands of people, the DPR's pyrotechnics helped to focus the government's attention on a critical issue that had been languishing.

USAID HELPS STRENGTHEN THE DPR

¶10. (SBU) While forceful in its political advocacy, the DPR remains weak in its ability to develop legislation and implement sound policy and continues to suffer from negative public perceptions. Speaker Laksono, although supportive of USG assistance to the DPR, has yet to make institutional reform a top priority. USAID supports technical assistance and training to strengthen the skills of parliamentarians and staff, as well as provide institutional support to the DPR and other national and regional lawmaking bodies. Activities include promoting constituency and media outreach, developing the capacity to draft and analyze operational budgets, and strengthening legal and legislative drafting capacity. Current multi-year assistance totals approximately \$3 million and is carried out through two main programs: the National Legislative Strengthening Program (NLSP), which supports the research, analysis, budget development and legislative drafting capacity of the DPR; and the Democratic Reform Support Program (DRSP), which provides support to the DPR and the Regional Representatives Council (DPD) to strengthen their legislative authority and political processes.

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MILITARY REFORM SLOWS

¶11. (SBU) The Indonesian armed forces (TNI) saw fundamental change in the early years of reform but the momentum has slowed. The TNI's long history of involvement in government in Indonesia disappeared by 2004 and the military was subordinated to civilian oversight in the form of the President and, less directly, the Department of Defense. U.S. assistance and expertise is reforming Indonesia's defense management to give the Defense Minister the same oversight over Indonesian military forces that the U.S. Secretary of Defense has over ours. Moreover, all TNI

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members now receive human rights training. Neither the government nor the TNI has been prepared to pursue accountability for alleged human rights violations which occurred during the Suharto era, or the more recent excesses in Aceh and East Timor. Nevertheless, after marines shot and killed four protesters in a land dispute in East Java last year, the TNI's response was constructive and constituted an improvement relative to similar incidents in the past.

¶12. (SBU) A second area of potential TNI reform, the transfer of TNI businesses, is now in the hands of a special civilian team appointed by the president. Indonesian defense officials have stated a willingness to divest TNI-owned businesses, but emphasize that increases in the state defense budget need to make up the difference.

¶13. (SBU) Our 12-year military embargo resulted in a "lost

generation" of Indonesian military personnel without any meaningful exposure to the United States. President Yudhoyono cites the restoration of full military ties as one of the primary achievements of his administration and would likely be embarrassed by any suggestion that the United States has stepped back in that relationship. We encourage senior USG visitors to stress to the GOI the need for accountability and further reform, but also to welcome the significant changes that have occurred and support further engagement. Indonesia is an important strategic partner in the region, and we can effect change far more effectively by engaging with Indonesia's security forces than by staying at a distance.

BUILDING THE FOUNDATION FOR A LONG-TERM PARTNERSHIP

¶14. (SBU) Indonesia was recently named the freest country in Southeast Asia" by the Freedom House Index, one of the many indicators of Indonesia's progress in the last decade. While our relations have been cordial throughout Indonesia's democratic transition, the lingering spectrum of restrictions on our military-to-military relationship has focused the spotlight on Indonesia's past, rather than on the astonishing success story here. The United States currently has a remarkable opportunity to help this country of over 200 million people secure a bright future, while building the foundation for a long-term partnership in a strategic corner of the world.

HUME